



Minnesota Gambling Control Board

GAMING NEWS

JULY/AUGUST/SEPTEMBER 2012

DIRECTOR'S COLUMN

Tom Barrett, Executive Director

Gambling Control Board

William Goede, Chair
(Plainview)

Committee: Executive

Norm Pint, Vice-Chair
(New Prague)

Committees: Executive;
CRG (chair)

William Gillespie,
Secretary (St. Paul)

Committees: Executive;
Legislative (chair); CRG

Robert Hyde (Plymouth)
Committees: Rules (chair)

Geno Fragnito
(Woodbury)

Committees: Rules,
Legislative

Susan McCarville
(Hopkins)

Committees: Rules; CRG

James Nardone
(Grand Rapids)

Monthly board meetings are open to the public and held at:

Gambling Control Board
Suite 300 South
1711 West County Road B
Roseville, Minnesota.

Monday, August 20, 2012
Tuesday, September 18, 2012
Tuesday, October 16, 2012
Friday, November 16, 2012
in conjunction with ACM
convention in Duluth
Monday, December 17, 2012

The agenda is posted at:
www.gcb.state.mn.us

Electronic Gaming – What's it all about...

Since the approval of electronic gaming by the 2012 legislature there have been many calls, questions and issues that have been presented to the Board for consideration. From the very technical specifications of the devices to the accounting and play of the games, staff has been working very hard to develop the standards by which this new gaming format will play out. During the past month I have participated in various educational seminars around the state with industry representatives (Minnesota Licensed Beverage and Allied Charities) to help answer some of the questions and issues involving how electronic games might benefit charities in Minnesota. Here are some of the highlights from the informational meetings:

When will we see the new games? The new gaming systems are being developed by various vendors. Before any game is offered for sale to the public, the games and related computer systems will be tested to the standards approved by the Board. Based on where we stand today, the first electronic games could be in active sales mode in mid to late September 2012.

How many devices can I have at my site? The number of devices allowed will be based on seating capacity at each location based on local fire codes. For sites with less than 200 seating capacity, the maximum number of devices for e-tabs is six and same limit of six for e-bingo devices. For sites with 200 or more seats, the maximum allowance of devices is 12 for each type of game. For bingo halls (where the primary business is bingo) the maximum number of devices is 50 for each type of game.

What is the cost for these devices? Based on what we know today, the devices and the computer software to run the games will be paid based on a percentage of actual sales with no "upfront" costs to the charity. Vendors are still in the early stages of product development and there has been no formal filing of any pricing reports for electronic games by any manufacturer or distributor.

What are some of the features of the electronic devices? After the device has been activated for play, the player is free to choose from a variety of games based on ticket denomination (\$.25 each to maximum of \$5.00 each). The player is also able to play "win credits" and "cash out" at any time. Prize receipts are not required for electronic games (prize receipts are still required for paper pull-tabs games). The player will be able to see the game summary for each game in play but will not be able to see how many "big winners" are left in play – that game detail will be limited.

The devices are small and portable, what if someone takes one home? Each device comes encrypted with security features and can only be used for gambling at the specific site. No other application is allowed on the device and external ports will be disabled. If a device goes outside the area of the wireless system, the central system will alert the sales location. Additionally, some devices are equipped with a GPS tracking chip. The devices are classified as "gambling equipment" and per the law, any unauthorized possession of the specifically designed device is a crime.

Will there be more accounting for these games? As with paper, each game sold by a charity will need to be accounted for but with the new electronic game system, the accounting will be much more simplified. Separate cash banks will not be required. Bank deposits will be based on daily activity from all electronic games in play and the system will produce the majority of the needed inventory reports. (More details and training on game operation and reporting will follow in the coming months.)

Can I play linked bingo and electronic pull-tabs on the same device? "Yes" is the short answer but it will depend on the specific vendor(s) selected by the charity for each site. Some vendors might have the capability to conduct both forms of gaming on one device or there could be separate devices for each type of game.

Where do I find more information on the changes coming? Go to the Gambling Control Board's website: www.gcb.state.mn.us

CONTINUING EDUCATION CLASSES

- Preregistration is not required for continuing education classes.
- Classes are FREE and open to the public.
- Gambling managers must attend at least one class EACH CALENDAR YEAR.
- Check our website at www.gcb.state.mn.us for updates and changes.



TOPIC FOR SEPTEMBER AND OCTOBER CLASSES: E-TABS AND E-BINGO

September 26, 2012, 10 a.m.
September 27, 2012, 2 p.m.
October 3, 2012, 7 p.m.
October 4, 2012, 10 a.m.

Gambling Control Board, Suite 300 South
1711 West County Road B, **Roseville**

September 26, 2012, 2 p.m.

Hampton Inn and Suites, Mississippi Room
1019 Paul Bunyan Drive South, **Bemidji**

September 27, 2012, 2 p.m.

Forestry Service Center, Auditorium
175 University Road, **Cloquet**

September 27, 2012, 7 p.m.

South Central College, Conference Center C
1920 Lee Boulevard, **North Mankato**

October 3, 2012, 2 p.m.

Ramada Inn, Grand C Room
1517 16th Street Southwest, **Rochester**

October 3, 2012, 7 p.m.

BestWestern Kelly Inn, Ballroom
100 4th Avenue South, **Saint Cloud**

October 4, 2012, 2 p.m.

Lyon County Government Center,
Commissioner Rooms 1, 2, and 3
607 Main Street, **Marshall**

October 4, 2012, 7 p.m.

AmericInn Lodge and Suites, Fergus Falls Room
526 Western Avenue, **Fergus Falls**

October 4, 2012, 7 p.m.

Hibbing Memorial Building, Dining Room
400 East 23rd Street, **Hibbing**



TOPIC FOR DECEMBER CLASSES: COMMON PROBLEMS WITH E-TABS, E-BINGO, AND ELECTRONIC REPORTING

December 13, 2012, 7 p.m.
December 27, 2012, 2 p.m.

Gambling Control Board, Suite 300 South
1711 West County Road B, **Roseville**

December 12, 2012, 7 p.m.

BestWestern Kelly Inn, State/Sunwood Room
100 4th Avenue South, **Saint Cloud**

Classes will be scheduled for December in the following cities:

December 2012, 2 p.m.
(Dates TBD)

Fergus Falls
Hibbing
North Mankato

As class information becomes available, it will be published on our
website at www.gcb.state.mn.us.

The Compliance Review Group (CRG), a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

CRG REPORT

LICENSEES	CONSENT ORDER ALLEGATIONS	CONSENT ORDER REQUIREMENTS
VFW Post 363 Fridley, License 00552	<ul style="list-style-type: none"> Failed to pay or appeal a \$150 citation. Failed to comply with the Board's request, in a timely manner to provide documents to verify corrective action required in the Compliance Report. 	<ul style="list-style-type: none"> \$500 fine
Minneapolis Riverview Lions Club, License 01096	<ul style="list-style-type: none"> Failed to expend its unsold ticket refund for lawful purposes within one (1) year of receipt. 	<ul style="list-style-type: none"> No same or similar violations within the next 2 years.
North Branch Area Hockey Association License 04335	<ul style="list-style-type: none"> Failed to maintain a monthly perpetual inventory and provide a physical inventory record of its pull-tab games. Failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records monthly. Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling. Failed to complete and file Schedule C reports. Failed to complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which correspond to the profit carryover. Failed to accurately complete Schedule F forms. 	<ul style="list-style-type: none"> \$500 fine File Corrective Action Plan Focused Compliance Review
Badger Jaycees License 02315	<ul style="list-style-type: none"> Allowed a gambling employee to participate as a player in the conduct of lawful gambling. Failed to file a fund loss report or reimburse its gambling account within 60 days. 	<ul style="list-style-type: none"> \$1,000 fine File Corrective Action Plan Reimburse gambling account in the amount of \$1,030 from non-gambling funds.
Little Falls Youth Hockey Association License 02347	<ul style="list-style-type: none"> Illegal gambling occurred at Main Gate Bar & Grill. Failed to properly use or complete required forms. Failed to correctly complete prize receipt forms for winning pull-tabs. Failed to deface winning pull-tab tickets. Failed to maintain records that account for its assets, liabilities and fund balance. Gambling employees participated as players in the conduct of lawful gambling. Conducted lawful gambling without the sufficient supervision of a licensed gambling manager. 	<ul style="list-style-type: none"> \$1000 fine Premises Permit suspended for 30 days. File Corrective Action Plan 2 members of Gambling Oversight Committee must attend Gambling Manager Seminar and pass exam. No same or similar violations within the next 2 years.

CITATIONS PAID

Citation amounts for similar violations may vary depending on unique circumstances and information and are issued on a case-by-case basis.

Citations were issued to the following organizations for repeatedly filing late G1 tax returns with the Department of Revenue:

- **American Legion Post 284 Cass Lake**, License 01082, \$800
- **Walnut Grove Area Loggers**, License 36713, \$550
- **Mille Lacs Trails Snowmobile Club, Aitkin**, License 05241, \$550
- **Santiago Lions Club, Becker**, License 34025, \$550
- **Coon Rapids Youth Hockey Association**, License 35285, \$550
- **American Legion Post 99 Minneapolis**, License 00226, \$450
- **American Legion Post 48 Stillwater**, License 00903, \$450
- **St. Cloud Senior Men's Rugby Club, Sartell**, License 92478, \$450
- **Lakeview Booster Club, Cottonwood**, License 35466, \$450
- **Princeton Youth Hockey**, License 01414, \$300
- **Community Connection of Sauk Centre**, License 34704, \$200
- **American Legion Post 537 New London**, License 00824, \$200
- **Hopkins Raspberry Association**, License 02297, \$200
- **Moose Lodge 2098 Faribault**, License 00109, \$200
- **Lincoln Area Business Association, Cushing**, License 01074, \$100
- **Elgin Fire Relief Association**, License 05658, \$100
- **Chaska Stallions Wrestling Club**, License 92567, \$100

Citations were issued to the following organizations for deposits repeatedly not made in four business days:

- **Dead Broke Saddle Club, Hugo**, License 03800, \$350
- **Andover Huskies Youth Hockey Association**, License 35843, \$350

Citations were issued to the following organizations for failing to obtain prior Gambling Control Board approval to deposit nongambling funds into the gambling account:

- **American Legion Post 178 Milaca**, License 00530, \$50
- **Little Canada Recreation Association**, License 34510, \$50

Citations were issued to the following organizations for failing to have checks signed by two active members:

- **West Concord Historical Society**, License 05622, \$100
- **American Legion Post 109 Two Harbors**, License 00368, \$50
- **Walnut Grove Area Loggers**, License 36713, \$50
- **SS Peter & Paul Church Richmond**, License 00912, \$50
- **VFW Post 9713 Mankato**, License 00038, \$50
- **VFW Post 295 South St. Paul**, License 00052, \$50
- **Kay Sea Club, Austin**, License 00787, \$50

American Business Womens Chapter Lady Slipper, Roseville License 03162	Records not retained for 3.5 years.	\$100
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Osseo Band Boosters License 92091	Gambling Control Board approval not obtained prior to changing raffle date.	\$100
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REPORTING UPDATES

Reporting Games Purchased in June but Paid for in July

Organizations that purchased pull-tab or tipboard games in June 2012, but didn't pay for them until July 2012 must report the distributor tax as a lawful purpose expenditure on their July Schedule C. In the "Description" column of the Schedule C enter "Distributor Tax Paid" and code the tax as "a-8".

The distributor tax was discontinued for games purchased after June 30, 2012.

Distributor Tax Credit

A tax credit is available for the 1.7% tax paid on pull-tab or tipboard games purchased in June 2012 or earlier and reported played between July 1, 2012 and December 31, 2012. Organizations may claim the credit by completing the Minnesota Department of Revenue's Worksheet D and entering the credit amount on line 18 of the G1, Lawful Gambling Monthly Tax Return.

New Site Profitability Worksheets Now Available

Worksheet P – Site Profitability for fiscal year 2013 has been added to the Board's website (www.gcb.state.mn.us) in both manual and Excel versions. The Excel version automatically projects your total annual combined receipts tax based on the net receipts of the months already reported. The tax is then allocated across each month to provide you with a better site profit estimate.

To access the form, click on "Forms for Licensed Organizations" under the "Quick Links" heading. Then click on "All forms by sorted by form number". Worksheet P will be the last form listed at the bottom of the page.

DOES YOUR PULL-TAB OPERATION PASS INSPECTION?

From January through June 2012, investigators from the MN Gambling Control Board conducted unannounced site inspections in the seven-county metro area.

The most common areas of non-compliance found were:

- Invoice and inventory documentation missing, incorrect, or unavailable
- Driver's license scanner displays incorrect time
- Required game documentation incomplete and inaccurate (LG861)
- Posting of prizes redeemed inaccurate (posting is optional)
- Game tickets not thoroughly mixed before offered for sale
- Prize receipts not filled out completely (payor/payee signatures missing)

A copy of the LG853 Pull-tab Inspection Checklist used by staff is available in Chapter 4 of the Lawful Gambling Manual and on the Gambling Control Board's website at www.gcb.state.mn.us.

A good exercise for gambling managers or gambling oversight committee members is to conduct their own site inspections as an internal check of their pull-tab operation.



FRIENDLY REMINDERS

E-file your July 2012 Schedules A, C, and F by August 20th

Organizations must now electronically file their Schedule A's (Receipts and Expenses by Site), Schedule C (Lawful Purpose Expenditures), and Schedule F (Lawful Gambling Fund Reconciliation) with the Gambling Control Board. The July reports are due by August 20.



Organizations that use a lawful gambling software vendor will see very few changes as the board's requirements have been built into those software systems.

If your organization does not use a lawful gambling software vendor, instructions for filing electronically are available on the Gambling Control Board's website, www.gcb.state.mn.us. Under "Quick Links", click on "GCB Monthly Reports". Two Excel files are available for download. They are identical except that one (Windows 7 or later) is compatible with newer computers and software, while the other (Windows XP or earlier) works on older computers.

The GCB Reports files available on the website can be used by organizations with up to five active sites. If your organization has more than five sites, contact your compliance specialist to obtain an expanded version of the file.

After the file is downloaded to your computer, fill out the forms and save the file. Then email the completed file as an attachment back to the Gambling Control Board at gcbreports@gcb.state.mn.us.

Detailed instructions for completing and e-mailing the forms are included in the "GCB Report Instructions" file.

Your organization must continue to file the G1 and supporting tax schedules with the Department of Revenue.

Organization Annual Report Due September 1st

Organizations that conducted lawful gambling during the months of July 2011 through June 2012 must file form LG1014, Organization Annual Report, with the Gambling Control Board no later than September 1, 2012.

The manual version of LG1014 is included in this issue. An Excel spreadsheet version is available on the Gambling Control Board's website www.gcb.state.mn.us. To access the form and instructions, look under the "Quick Links" heading and click on "Forms for Licensed Organizations". Then click on "For all forms sorted by form number". LG1014 will be towards the end of the list of numbered forms.

The LG1014 for fiscal year 2012 differs slightly from the 2011 form due to line changes on the G1, Monthly Lawful Gambling Tax Return. Please be sure to use the fiscal year 2012 version when completing your report.

Organization Name:

License #

LG1014

Fiscal Year 2012 Organization Annual Report - MANUAL VERSION

Send to Gambling Control Board by Sept. 1, 2012										FY2012				
G1 AMOUNTS	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	G1	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Totals
Gross Profits - line 10c							line 8c							
Taxes/fees - line 15														
Total Sch. C/D - line 43														
Tot. LPE - line 15 + 43							line 19							
Percent of Annual Gross Profits Used for Lawful Purpose Expenditures (total LPE divided by total gross profits)														
LG1010 SCHEDULE C/D AMOUNTS														
A1 - 501c3/c4 donation							A1							A1
A2 - disability, poverty							A2							A2
A3 - problem gambling							A3							A3
A4 - schools							A4							A4
A5 - scholarships							A5							A5
A6 - military recognition							A6							A6
A7 - youth programs							A7							A7
A8 - taxes & tax refund							A8							A8
A9 - real estate taxes							A9							A9
A10 - government							A10							A10
A11 - church							A11							A11
A12 - lake water testing							A12							A12
A13 - wildlife, trails							A13							A13
A14 - food shelves							A14							A14
A15 - community arts							A15							A15
A16 - vet. / frat. utilities							A16							A16
A17 - veteran events							A17							A17
A18 - license fees							A18							A18
A19 - humanitarian							A19							A19
A20 - to other lic. org.							A20							A20
A21 - to parent org.							A21							A21
A22 - owned bldg 5%							A22							A22
A23 - capital assets							A23							A23
A24 - real property							A24							A24
A25 - replacement bldg.							A25							A25
B codes - prior to 7/1/09							B							B
SCHEDULE C AMOUNTS														
REFUND / CREDIT ON UNSOLD TICKETS														
Place an "X" here if your organization only conducts gambling in a location where the primary business is bingo.														

ROUND ALL FIGURES TO NEAREST DOLLAR

Gambling Manager Signature: _____

Date: _____

CEO Signature: _____

Date: _____

Data Privacy Notice: Information requested will become public information when received by the Board, and will be used to determine your compliance with MN statutes and rules governing lawful gambling.

GAMING NEWS: JULY/AUGUST/SEPTEMBER 2012

Gambling Control Board
Suite 300 South
1711 West County Road B
Roseville, Minnesota 55113

PRSRT STD
U.S. POSTAGE PAID
PERMIT 171
ST PAUL MN

TRENDS IN LAWFUL GAMBLING GROSS RECEIPTS

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	Calendar year 2012	%Change from 11	Calendar year 2011	%Change from 10	Calendar year 2010
January	85,725,000	7.5%	79,741,000	1.04%	78,919,000
February	91,452,000	13.8%	80,385,000	1.60%	79,120,000
March	100,646,000	7.2%	93,844,000	3.38%	90,774,000
April	93,531,000	3.4%	90,491,000	6.60%	84,887,000
May			85,188,000	3.56%	82,260,000
June			79,815,000	2.17%	78,121,000
July			83,646,000	3.26%	81,008,000
August			84,507,000	6.43%	79,398,000
September			84,458,000	4.93%	80,490,000
October			87,850,000	4.98%	83,686,000
November			84,228,000	8.25%	77,810,000
December			88,730,000	15.00%	77,158,000
	371,354,000	7.8%	1,022,883,000	5.06%	973,631,000

AGENCY INDEX

Gambling Control Board

www.gcb.state.mn.us
Roseville 651-639-4000
St. Peter 507-931-5112
Hibbing 218-262-7301
Fergus Falls 218-739-7402

Department of Revenue

www.taxes.state.mn.us
Lawful Gambling Tax Unit . 651-297-1772
Email: lawfulgambling.taxes@state.mn.us

Department of Public Safety

www.dps.state.mn.us
Alcohol & Gambling Enforcement . . 651-201-7500

Internal Revenue Service

Forms 1-800-829-1040
Questions 651-312-7716

Minn. Problem Gambling Helpline . . 1-800-333-HOPE

www.nojudgment.com